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17 July 1967

MEMORANDUM FOR: Deputy Director for Intelligence

FROM :

25X1A

SUBJECT : Draft of Holmes Study Group
"A Recommended Strategy"

1. The attached document is a draft which Ambassador Holmes hopes will be approved en toto. If that is the case it will be distributed as the finished study.

2. This is an obvious attempt to carry out a fait accompli.

3. The CIA representative on the working group has kept us as informed as possible on the progress of the group. There has been a persistent refusal by the group's leadership to allow this document to be checked out in draft, according to [redacted] There were always vague excuses why drafts could not be released.

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4. The draft was rushed to a finish last Friday, done over on Saturday, and published on Sunday.

5. I understand that Gen. Lemnitzer has voiced certain objections to some of the NATO aspects. Also, certain bureaus in the State Department have criticisms of certain aspects.

6. Holmes made a trip to Europe to show a first draft of the "Strategy" section to the Ambassadors in London and Paris, and to Gen. Lemnitzer of NATO. According to Holmes, they were highly satisfied with this draft. Certain of the military aspects were informally checked out with DIA and the Joint Chiefs of Staff.

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7. Certain sections of the study should be vetted by the pertinent components of CIA, especially "Soviet Interests, Objectives and Patterns of Activity," "US Interests," "Strategy," and "Policy Initiatives." The section "Perspective for Regional Economic Development"--a dream world projection which takes no account of political vs economic realities--has serious statistical flaws, according to OER. The section of Communist China has never been near interested components of the DDI.

8. It should be noted that the study is "Prepared by the Special State-Defense Study Group," although the understanding early in the game was that CIA was to be an equal partner.

9. It is recommended that either the study be given a thorough perusal by interested CIA components and their views be taken into account or that CIA formally decline to be associated with the study.

10. In any case, Director should respond telephonically to Holmes that we have no objection to the study being disseminated as a draft, but that we will need time to determine whether and to what extent CIA can approve this draft.

[REDACTED] 25X1A

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12 July 1967

MEMO TO:

FROM:

25X1A

1. I doubt that we can say much on the technical feasibility of economic effects of these schemes, although we will check the data.

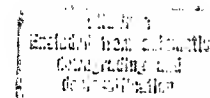
2. The paper, if published, should be clearly prefaced by a statement indicating that it deals with technical possibilities, since it abstracts completely from political realities.

3. I have serious reservations as to the appropriateness of policy recommendations based on this kind of analysis.

4. More comments may follow after completes its review.

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Memorandum

25X1A

TO :
THRU :
FROM :

[Redacted]

DATE: 18 July 1967

OER

SUBJECT: Review of Annex G for Holmes' Project

A review of Annex G, Technology, for the Holmes' project has been prepared by [Redacted] and is attached herewith. We propose to deliver one copy informally

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to

[Redacted]

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[Redacted]

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Attachment:

As stated above

GROUP 1
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downgrading and
declassification

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Review of A PERSPECTIVE FOR MID-EAST ECONOMIC DEVELOPMENT

The manuscript, Annex G, A Perspective for Mid-East Economic Development Based on the Application of Modern Resources Development Methods and Technology has been reviewed by analysts [REDACTED] The consensus is that the paper, to be usable, requires extensive revision.

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Several general criticisms seem pertinent. Although the projects suggested may very well be feasible technically, no attempt appears to have been made to assess their practicality in view of the existing political climate and financial requirements. As a result, the major concepts in the paper seem far-fetched with little real possibility for accomplishment. At the very least, the paper should contain a preface clearly stating and recognizing practical limitations. In view of the narrow focus of the paper and the lack of consideration of many relevant factors, therefore, we question the usefulness of the recommendations, particularly those on pages 18 and 19. In addition, the compilation of statistical economic data and the presentation of economic profiles do not seem pertinent to the paper. In any case, the information in Appendix A and B generally fails to state the year concerned, is not up-to-date, and contains numerous errors. Almost every figure should be changed.

Detailed changes also should be made in the text. Some specific examples are as follows:

Page 1, line 11. Underemployment, not unemployment, is characteristic of the agricultural sector of these economies.

Page 2, line 7. Egypt, Israel, and Lebanon should be added as exceptions.

Page 3, line 28. The "annual gain" would merely be a measure of the financing of Tunisia's trade deficit by Libya. Libya's economy is not basically agricultural. Agriculture contributes less than 10 percent of GNP, and the countryside rapidly is being depopulated. See page 4, line 3.

Page 5, lines 20-24. The need is for diversification of crop culture from basic subsistence crops to high value crops for export markets, e.g., fresh fruits, fancy vegetables. In both countries, the needs of rapidly rising populations can better be met by foreign trade than by an attempt at self-sufficiency in food production.

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Page 7, lines 14 and 16. Yemen should be listed (with Lebanon) as an exception to the arid lands.

Page 7, line 18. Much of Iran outside the Persian Gulf coastal region also is desert.

Page 7, lines 18 and 19. Sentence should read -- Until the discovery of vast quantities of oil in Iran and thence in the Arabian side of the Persian Gulf, this huge ---.

Page 7, last 2 lines. Food imports of Syria and Iraq are relatively small. Some of the countries also exchange other agricultural commodities, e.g., cotton, for food.

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*Review copy
Pending clearance
from*

12 July 1967

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Holmes Study, Annex F, Petroleum in Middle East and Africa,
draft, 29 July 1967 (sic).

1. Subject Annex covers a wide variety of considerations not all of which fall within the principal responsibilities [] The extent to which the draft Annex F could be salvaged, or would require revision, depends on the principal thrust and focus of the Holmes Study, as yet not clear []

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2. The following preliminary comments refer to the corresponding section of subject draft, and assume that the contents of the Annex, as presently constituted, are appropriate to the Holmes Study.

a. Section I through VI. We believe these sections should be recast. [] could do this in about two to four weeks if the timing did not conflict with other planned or unforeseen emergency obligations []

b. Sections VII through X. The subjects of these sections involve political and economic considerations and speculation in which OCI and branches other than [] in OER have primary interest and responsibility. Thus, others than [] (or in coordination with []) ought properly comment on these sections.

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X1 c. Section XI. This brief section could be modified as
necessary [] in a short time coincident with [] revision 25X1
of the sections cited in 2a, above.

X1 d. Section XII. This probably should be recast and could
be done [] in coordination with the appropriate personnel in
X1 []

[] 25X1A

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OPTIONAL FORM NO. 10
5010-104

Approved For Release 2002/08/16 : CIA-RDP70S00385R000100260013-9

UNITED STATES GOVERNMENT

Memorandum

TO :
THRU :
FROM :

DATE: 24 July 1967

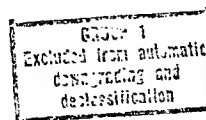
OER

SUBJECT: Review of A Recommended American Strategy

A review of Volumes I and II, A Recommended American Strategy, is attached. The reviewed volumes were prepared by the Special State - Defense Study Group.

Attachment:
As stated above

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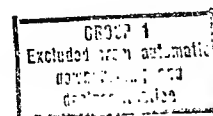
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Comments on Report of The Special
State - Defense Study Group

A review of Volumes I and II, A Recommended American Strategy - Near East, North Africa, and the Horn of Africa, reveals no major problems concerning economic data or the role of economic assistance as an instrument of Soviet policy in the Middle East. Naturally, some small differences as to specific numbers exist, but these are not considered significant or misleading. Although some of the details do not coincide exactly with our views and our emphasis might be somewhat different in some instances, these differences do not affect the validity of the conclusions contained in the report. Moreover, we feel that the report effectively presents Soviet strategy in this area of penetration, both in terms of its rationale and its implementation.

In general much of the suggested economic strategy is felt to have relatively little chance of success because of the political and social realities in the countries involved.

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